

**DRAFT REVENUE AND CAPITAL OUTTURN REPORT 2021/22****SECTION 1: SUMMARY**

- 1.1 The overall revenue outturn position for 2021/22 is an underspend of £1.864m. This is a net position after the application of Covid-19 funding to cover the additional expenditure and losses of income directly related to the pandemic, and the earmarking of the unutilised balance of the 2021/22 restructuring budget to the restructuring reserve. The underspend of £1.864m will increase the Council's level of reserves at March 2022, thus providing some further financial resilience to any future unplanned financial impacts on the council's budget position.
- 1.2 It must be recognised that the underspend for 2021/22 arises from variations in 'corporate items', which are one-off in nature, and the most significant variation being in relation to Treasury Management activity, where additional borrowing to fund capital expenditure was deferred. The net portfolio variation is an overspend of £0.465m which is inclusive of the costs attributable to the release of staff through redundancy and the Mutually Agreed Resignation Scheme to support the ongoing service reviews and savings programme.
- 1.3 The key portfolio variations are detailed within section 2.10 of the report. This position is net of costs for staff working on specific activities in support of the Council's response to the pandemic, and for which additional St Helens Clinical Commissioning Group (CCG) and specific Government funding had been made available. This included work on schemes such as Containing Outbreak Management Fund (COMF) and Systematic, Meaningful, Asymptomatic Rapid Testing (SMART). In total across all portfolios the identified costs are £2.256m. It should be noted that this funding is non-recurrent and will not be provided for in 2022/23.
- 1.4 The budget for 2021/22 included the planned delivery of £13.440m of budget savings. It was previously reported to Cabinet on 23 February 2022 that savings of £3.669m were at risk of not being fully delivered in the year due to delays in implementation or savings not being achievable, with one-off savings being identified to mitigate the impact on the 2021/22 outturn position. However, this position presents a risk to the Council in 2022/23, alongside an additional £6.044m of approved savings for the year, unless all service reviews and actions are completed and fully implemented.
- 1.5 Covid-19 continued to impact on residents and businesses during 2021/22. Notwithstanding the financial impact was not as profound as last year, additional costs were incurred as the Council continued its response to the pandemic, although it is recognised that specific grant funding was provided by central government in 2021/22. The most significant areas of spend were within the Waste and Recycling and Adult Care services to support increased numbers of hospital discharges and avoid hospital admissions. The legacy impact of the global pandemic into 2022/23 and future periods is uncertain and will remain a challenge on the Council's budgetary position, for which some provision has been made in the Medium Term Financial Strategy. It should be noted that there will be no additional funding from government to support legacy pressures and these will need to be managed within the overall Council's budget.

- 1.6 In addition, there was income loss from sales, fees and charges, the most significant areas being parking income, leisure service income, and income for care service provision within adult services. For the period April to June 2021 the government extended the sales, fees and charges compensation scheme, and under the terms of the scheme an element of the Covid-19 related income losses for this period were recovered.
- 1.7 During 2021/22, a number of unconditional grants and contributions were received. Expenditure against this funding is scheduled to be incurred in 2022/23, and provision for earmarking of this funding has been made within the Funding Reform and Volatility Reserve at outturn, with a corresponding release of the funding to be made during 2022/23.
- 1.8 It cannot be overstated that the financial environment the Council operates within presents significant challenges that will continue into 2022/23 and future periods. The timing and impact on local government financing from the Fair Funding Review and Business Rates reforms remain uncertain. Coupled with Covid legacy pressures; a challenging savings programme that plans to deliver £6.044m of savings in 2022/23; ongoing service demand pressures; volatility in a number of significant income streams; and a backdrop of global inflationary pressures, particularly impacting on fuel, energy and food costs, will mean that 2022/23 will be a financially difficult year, requiring robust financial management.

## **SECTION 2: REVENUE BUDGET OUTTURN 2021/22**

- 2.1 The outturn position, subject to audit, is summarised in Table 1. It must be recognised that the outturn underspend against budget of £1.864m is one-off in nature, due to 'corporate variations' and primarily relating to Treasury Management activity, where additional borrowing to fund capital expenditure was deferred. The net portfolio variation is an overspend of £0.465m which is inclusive of the costs attributable to the release of staff through redundancy and the Mutually Agreed Resignation Scheme to support the ongoing service reviews and savings programme.
- 2.2 Table 1 excludes the impact of Covid-19 additional spending pressures and income losses in the year to 31 March 2022, which are funded from additional Covid-19 Grant funding for 2021/22 and/or the Sales, Fees and Charges Compensation Scheme. Section 3 of this report provides a summary of the financial position arising from Covid-19 in terms of additional costs, losses of income and Government funding.
- 2.3 In order to support the Council's continued response to the pandemic some staff were deployed to provide support in dealing with the outbreak, and specific funding was available to support a number of these activities. As detailed in Table 1, £2.256m of the variance against budget is attributable to budgeted costs being met via specific Covid-19 funding streams, including Containing Outbreak Management Fund (COMF); Systematic, Meaningful, Asymptomatic, Rapid Testing (SMART); and St Helens Clinical Commissioning Group. It should be noted that this funding is one-off for 2021/22 and the outturn position would have been a larger overspend had this funding not been available during the year. This will present a risk to the 2022/23 budget position.

<b>Table 1 - Outturn variations against approved budget 2021/22</b>	<b>Net Outturn Variance 2021/22 + / (-)</b>	<b>Budgeted costs funded from specific Covid-19 funding streams</b>	<b>Net Outturn Variance 2021/22 prior to use of Covid-19 funding streams + / (-)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education, Skills and Business	(564)	-	(564)
Children and Young People	+1,257	(5)	+1,262
Integrated Care and Health	+729	(1,396)	+2,125
Wellbeing, Culture and Heritage	+633	(155)	+788
Finance and Governance	(1,344)	(236)	(1,108)
Reset and Recovery	(388)	(33)	(355)
Environment and Transport	+206	(173)	+379
Regeneration and Planning	+206	(181)	+387
Safer, Stronger Communities	(270)	(77)	(193)
<b>TOTAL - Portfolio Budgets</b>	<b>+465</b>	<b>(2,256)</b>	<b>+2,721</b>
<b>Council-Wide budgets</b>	<b>(2,329)</b>	-	-
<b>TOTAL - Outturn variations against approved budget 2021/22</b>	<b>(1,864)</b>	-	-

- 2.4 The position detailed above highlights that net portfolio spend was above budget by £0.465m. The overall net position for the Council is an underspend of £1.864m after allowing for £2.329m of variations in Council Wide budgets, as detailed in Annex A.
- 2.5 The portfolio variations include the cost of employee termination payments and pension capital strain costs (£0.924m), where decisions have been made in the year to 31 March 2022 to release employees.
- 2.6 During 2021/22 a number of unconditional grants and contributions were received. Expenditure against this funding is scheduled to be incurred in 2022/23. Due to the technical accounting treatment for unconditional grants and contributions, provision has been made to earmark the funding to the Funding Reform and Volatility Reserve at outturn. The funding will be released during 2022/23 and reported via the Financial Monitoring Reports. This mechanism is purely to reflect the timing difference of funding being received and related expenditure being incurred and will enable necessary resources to be available to deliver against previously approved activity in 2022/23.
- 2.7 It should be noted that Table 1 shows the position after:
- (i) Neutral adjustments in accounting treatment and movements on “uncontrollable” budgets (e.g. depreciation and support service charges)
  - (ii) the carry forward of unspent budget provision for any continuing earmarked reserve funded schemes (£965k) into future years as detailed in Annex B
  - (iii) the acceleration of the usage of earmarked reserves from future years (£39k) as detailed in Annex B
  - (iv) allowing for a £76k carry forward of budget provision from 2021/22 into 2022/23 in relation to Revenue Contributions to Capital schemes
  - (v) allowing for the earmarking of unconditional grants and contributions and previously approved resources (£1.833m) from 2021/22 into 2022/23 where funding is required to deliver specific programmes of work
- 2.8 The Council's Financial Procedure Rules and Budget Strategy determine that any overspends in one year are ordinarily funded by a corresponding reduction in the Directorate budgets in the subsequent year. Given the potential for pressures on departmental budgets in 2022/23 and the overall Council position for 2021/22, it is proposed that approval is given to waive this requirement for those Directorate and portfolio budgets whose outturn exceeded budget in 2021/22.
- 2.9 There is a single service request for an additional £211k carry forward of budget provision from 2021/22 into 2022/23 where specific service commitments continue into 2022/23, as detailed in Table 2.

<b>Table 2 – Proposed carry forward of budget provision into 2022/23</b>	<b>£000</b>
<b><u>Portfolio - Education, Skills and Business</u></b>	
Resources to support the continuation of various programmes supporting Adults and Young People into work	211
<b>TOTAL</b>	<b>211</b>

The portfolio budgets will be revised in 2022/23 as appropriate to reflect the carry forward and earmarked sums. This will be reported to Cabinet within the Financial Monitoring Reports during 2022/23.

2.10 The key portfolio variations are detailed below. The direct additional costs and losses of income arising from the pandemic are referenced in section 3.

2.10.1 Education, Skills and Business

There are underspends against the budgeted position for a number of Education related services, of which the most material are within Educational Psychology (£203k) and the Virtual School (£148k). The nature of the specialist posts within Educational Psychology have been challenging to recruit to, resulting in slippage against staffing budgets. In addition, there was an underspend of £185k against budget provision for historical retirement costs associated with school based staff. There was however a budget pressure of £89k within Home to School / College Transport due to the number of students with special educational needs and disabilities requiring support. Restructuring costs within the portfolio totalled £83k.

There continue to be financial challenges within the high needs block of the ring-fenced Dedicated Schools Grant (DSG). The level of financial support within this block was insufficient to address the level of demand and the needs of those pupils with SEND (Special Educational Needs & Disabilities), including those with Statements or Education Health & Care Plans. In particular there were significant financial challenges associated with supporting those pupils who cannot be educated in a mainstream setting and require specialist provision.

In addition, there was a net underspend of £176k in relation to the Place based services within the portfolio after restructuring costs of £31k. Section 2.9 provides details of a request to carry £211k forward to support the continuation of various programmes supporting Adults and Young People into work.

2.10.2 Children and Young People

The profile of children and young people being accommodated during 2021/22 resulted in a budget pressure of £812k. There are also pressures of £689k on family support packages designed to help young people remain in the family environment and avoid the need to be brought into more expensive fostering or residential care, and of £319k within adoption services, particularly in respect of costs associated with making placements.

In addition, the delivery of a revised recruitment and retention strategy; the need to cover a number of posts within frontline social care teams with agency staff to ensure

quality and continuity of service; and costs arising from service redesign have resulted in a pressure against staffing budgets totalling £503k.

There are a number of underspends within the portfolio that help to mitigate this position. There was an underspend with the Edge of Care Service (£576k), primarily as a consequence of slippage on vacant posts while an assessment of service provision is ongoing to deliver budget efficiencies in future financial years. There were also underspends in relation to home care support and direct payments for children and young people with disabilities (£308k); and the Youth Offending Service (£141k).

### 2.10.3 Integrated Care and Health

The outturn position for the Integrated Care and Health portfolio reflects activity during the year which included both increased activity in some services and lower demand for others.

The budget for people with Learning Disabilities saw a significant overspend of £1.9m due to continuing increased demand in this area, in particular in relation to complex cases within commissioned Supported Living services. Activity in residential and nursing for people with Mental Health needs resulted in an overspend of £344k, however, this has been mainly offset by an underspend of £315k in the services for people with Physical Support and Memory and Cognition Support needs. This is partly due to lower levels of occupancy for this cohort in residential and nursing settings following the effects of the pandemic.

The outturn position also reflects the portfolio having utilised specific Covid-19 related funding of £1.396m across a range of services.

Following the cessation of Covid-19 funds in 2022/23, the portfolio continues to work closely with the care sector to understand the on-going effects of the pandemic.

Restructuring costs within the portfolio totalled £268k.

### 2.10.4 Wellbeing, Culture and Heritage

Underspends have been generated from the Public Health Grant in 2021/22 due to the utilisation of Covid-19 related funding and lower activity for some externally commissioned contracts. As a result, the balance of Public Health Grant carried forward has increased to £1.931m.

There was a net overspend of £633k across the non-Public Health services within the portfolio.

The saving against the Localities model (£496k) sits within the portfolio. In December 2021, Cabinet approved the second phase of engagement for officers to pursue alternative models of delivery with partners. Whilst engagement has been positive, the implementation will take some time to deliver. For 2021/22, the saving was mitigated from within other Place Directorate budgets.

This outturn position also reflects the portfolio having utilised specific Covid-19 related funding of £155k across indoor sports and recreation.

Restructuring Costs within the portfolio totalled £268k.

#### 2.10.5 Finance and Governance

The outturn position for the Finance and Governance portfolio is due to underspends in a number of areas. There was a net underspend of £524k against staffing budgets. This was due to vacancies in a number of services within the department. The use of agency staff during the year within Legal Services was managed across the portfolio. An underspend of £60k has arisen in the Elections Service due to contributions towards the cost of elections in May 2021 from the Police and Crime Commissioner and the Liverpool City Region Combined Authority.

The position includes underspends against supplies and services of £339k across most service divisions due to ongoing changes in Ways of Working, improved procurement processes and an ongoing moratorium on non-essential expenditure.

Additional New Burdens Grant Funding of £175k was receivable in relation to 2021/22 for the administration of the Test and Trace programme and other Business Support Programmes.

This outturn position also reflects the portfolio having utilised specific Covid-19 related funding of £236k across various services.

#### 2.10.6 Reset and Recovery

The outturn position for the Reset and Recovery portfolio is primarily due to an underspend of £297k against staffing budgets due to vacancies in a number of service areas, most notably within the Business IT and Performance section.

This outturn position also reflects the portfolio having utilised specific Covid-19 related funding of £33k across the portfolio.

Restructuring Costs within the portfolio totalled £11k.

#### 2.10.7 Environment and Transport

Overall, the Environment and Transport portfolio outturn position was an overspend of £206k.

An overspend occurred on the Cemetery and Crematorium budget of £246k, mainly due to a shortfall in income of £210k and additional maintenance costs on the cremators of £33k. During the year there was a reduction of 15% in the number of cremations from 2,657 in 2020/21 to 2,267 in 2021/22.

Highways, Street Lighting, Traffic Management and Parking Services had an overall underspend position of £603k. The main variations related to additional Engineering fee income for capital works (£119k), additional highways income (£94k), reduced employee costs arising from vacant posts and freezes on some recruitment (£121k), which has been used to mitigate against savings across the portfolio that have been delayed arising from implementation of the Phase 3 restructure. In addition, there was an underspend on highway contract works (£131k) and underspends on Premises & Transport costs (£145k).

Within the Direct Services division there was an overall overspend of £560k, mainly arising within the Careline Service (£174k) and Transport Division (£384k). Within Careline the main budget pressures were in relation to Employees (£84k) and Income (£79k). The main budget pressures within Transport related to Repairs &

Maintenance (£327k) and Vehicle Hire (£75k). In addition, the School Meals service has an overspend of £20k, but it should be noted that an underspend on employees and additional external income has offset a significant overspend on food provisions of £312k.

Volatility in the market caused by inflation and the conflict in the Ukraine is expected to continue into 2022/2023. This is likely to have a detrimental impact on the budgets in Transport and Schools Meals Services, which will be closely monitored throughout the next financial year.

There were underspends across the Recycling Service of £45k, and Management and Support Services of £60k.

This outturn position also reflects the portfolio having utilised direct Covid-19 related funding of £173k in 2021/22 across various services.

Restructuring Costs within the portfolio totalled £178k.

#### 2.10.8 Regeneration and Planning

Overall, the Regeneration & Planning portfolio outturn position was an overspend of £192k.

Pressures within Building Control and Development Control services have resulted in an overspend of £183k, which includes a shortfall in income of £121k.

Economic Development have an overspend of £127k due to additional costs incurred on the Chalon Way Meanwhile Use Programme.

Estates Management overspent by £54k as a result of employing interim staff to cover vacant posts.

Within Building and Support Services there was an underspend on premises related costs of £316k in relation to reduced utility costs in public buildings due to the new ways of working and the closure of some Library and Leisure facilities. This underspend has been used to mitigate against staff savings across the portfolio that have not been achieved due to the delayed implementation of the Phase 3 restructure.

In addition, there was employee slippage of £128k across other services within the portfolio.

During the year a significant area of St Mary's market was used as a Covid-19 Testing Centre and premises and other related costs attributable to this activity of £181k are allocated against specific Covid grants.

Restructuring Costs within the portfolio totalled £125k.

#### 2.10.9 Safer, Stronger Communities

As a result of awarding two-year contracts to Supporting People providers for the period through to March 2023, a budget saving of £245k has been accelerated and this has been used to mitigate against other savings within Place Services.

A further £151k underspend has been achieved against the current year's budget based on current levels of demand within the service.

Across Regulatory Services there was a shortfall in income of £153k for the year, this shortfall was partly offset by a reduction in expenditure of £34k. This outturn position also reflects the portfolio having utilised specific Covid-19 related funding of £77k across Regulatory Services.

Restructuring Costs within the portfolio totalled £91k.

### **SECTION 3: COVID-19 FINANCIAL IMPLICATIONS**

- 3.1 Table 3 details the additional spending and income loss as a result of Covid-19 during 2021/22, alongside the available funding from additional 2021/22 Covid-19 Grant Funding and the Sales, Fees and Charges Compensation scheme for the period April to June 2021. The uncommitted grant £1.757m has been earmarked, to be used in future years.

<b>Table 3 - Covid-19 Position</b>	<b>£000</b>
Total Covid-19 Grant Funding allocated in the 2021/22 Local Government Finance Settlement	5,837
Sales, Fees and Charges (SFC) Compensation scheme for the period April to June 2021 *	641
<b>Total Covid-19 Grant &amp; SFC Compensation Funding 2021/22</b>	<b>6,478</b>
Less Additional Spending Pressures 2021/22	(2,083)
Less Loss of Sales, Fees & Charges Income 2021/22	(2,293)
Less Loss of Commercial and Other Income 2021/22	(345)
<b>Total Additional Costs &amp; Losses of Income</b>	<b>(4,721)</b>
<b>Total Covid-19 Grant Funding Available for future years and to be earmarked to the Covid-19 Reserve at 31 March 2022</b>	<b>1,757</b>

\* Subject to final reconciliation and agreement with the Department for Levelling Up, Housing and Communities

- 3.2 The most significant areas of additional expenditure are in relation to supporting accelerated hospital discharge and avoidance of hospital admissions within Adult Social Care, and additional costs within the Waste Collection and Recycling service.
- 3.3 The Department of Levelling Up and Housing and Communities provided some funding for lost income from sales, fees and charges for the period April to June 2021. Income losses after this period have been funded from the additional Covid-19 Grant received in 2021/22, primarily this related to Parking, Leisure Service and Care Services income.

## **SECTION 4: CAPITAL PROGRAMME OUTTURN 2021/22**

- 4.1 The outturn figures for 2021/22, subject to audit, are summarised in Table 4 below. The table shows a net decrease (for 2021/22) of £4.254m from the previously reported position.

<b>Table 4 – Capital Programme summary outturn 2021/22</b>	<b>Approved Provision 2021/22 £000</b>	<b>Provisional Outturn 2021/22 £000</b>	<b>Variance 2021/22 £000</b>
<b>PORTFOLIO SPENDING</b>			
Education, Skills and Business	7,334	6,823	(511)
Children and Young People	85	96	+11
Integrated Care and Health	30	30	0
Wellbeing, Culture and Heritage	705	613	(92)
Reset and Recovery	100	12	(88)
Environment and Transport	15,525	14,099	(1,426)
Regeneration and Planning	13,647	11,927	(1,720)
Safer, Stronger Communities	3,102	2,674	(428)
<b>TOTAL</b>	<b>40,528</b>	<b>36,274</b>	<b>(4,254)</b>
<b>FINANCED BY</b>			
Grants and Other Contributions	17,018	15,652	(1,366)
Capital Receipts	3,145	2,888	(257)
Revenue Contribution	440	421	(19)
Borrowing	19,925	17,313	(2,612)
<b>TOTAL</b>	<b>40,528</b>	<b>36,274</b>	<b>(4,254)</b>

- 4.2 The net variance (for 2021/22) since the previously reported position arises from a combination of factors as detailed in Table 5. Annex C provides further detail.

<b>Table 5 – Variations in 2021/22 Capital Programme spend (outturn compared to previously reported position)</b>	<b>£000</b>
Rephasing of schemes into 2022/23	(5,021)
Rephasing of schemes from future years into 2021/22	+283
Additional Funding to Existing Schemes	+474
New Schemes	+71
Completed Schemes	(31)
Other Variations	(30)
<b>TOTAL</b>	<b>(4,254)</b>

## **SECTION 5: RESERVES AND BALANCES**

### **5.1 General Balances**

- 5.1.1 The movement in General Balances is summarised in Table 6. The revenue and capital budget approved by Council on 2 March 2022 noted, after having regard to a series of potential risks, including the deliverability of services within the baseline level of available resources, that an underlying level of approximately £12m General Balances was considered appropriate.
- 5.1.2 The outturn position allows for some additional financial resilience to any future unplanned financial impacts on the Council's budget position.
- 5.1.3 In addition, the outturn position noted in section 2.1 provides the opportunity to earmark £1m to the Inflation Reserve. The Revenue and Capital Budget 2022/23 and the Medium Term Financial Strategy 2022-25 highlighted the high level of risk that increased levels of inflation will have on costs and potentially wage demands. It is now even more apparent that these risks are chrySTALLISING.
- 5.1.4 The approved budget for 2022/23 allowed for the impact of higher levels of inflation across a number of areas of Council expenditure, but it is now evident that heightened levels of global inflation will impact other areas of service expenditure.
- 5.1.5 The appropriation of £1m from general balances to the inflation reserve will provide additional resource should services experience inflationary increases which cannot be managed within existing budgets.

<b>Table 6 - Movement in General Balances</b>	<b>£000</b>
General Balances as at 1 April 2021	12,780
Budgeted Use of General Balances 2021/22	(297)
Outturn variation against approved budget 2021/22 (see table 1)	1,864
Appropriation to the Inflation Reserve as detailed above	(1,000)
Carry Forward of RCCO Provision as detailed in section 2.7 (iv)	76
<b>General Balances as at 31 March 2022*</b>	<b>13,423</b>

\* The level of General Balances will reduce to £13.136m if the carry forward request detailed in section 2.9 is approved.

### **5.2 Earmarked Balances**

- 5.2.1 The overall position in relation to Earmarked Balances at 31 March 2022 is provided in Table 7, with Annex D providing further detail. It should be noted there are approved commitments on these reserves extending to 2024/25.

The most significant in-year movements include:

- the approved use of general earmarked reserves in 2021/22 for revenue and capital schemes

- the approved budgeted contribution to general earmarked reserves as detailed in the revenue and capital budget 2021/22 and Medium Term Financial Strategy 2021-2024
- earmarking of unconditional grants and contributions, as detailed in section 2.6
- earmarking of the unutilised balance of the 2021/22 restructuring budget to the restructuring reserve
- earmarking of £1m to the inflation reserve as detailed in section 5.1
- the use of the et movement on the Covid-19 Reserve in respect of the mechanics on the Collection Fund as detailed in section 5.2.3
- earmarking of specific Covid-19 resources for requirements in future years as detailed in section 5.2.2
- appropriation of £1m from general fund balances to the inflation reserve as detailed in section 5.1

<b>Table 7 – Earmarked Balances</b>	<b>Balance at 1 April 2021 £000</b>	<b>In-year Movement £000</b>	<b>Balance at 31 March 2022 £000</b>
General Earmarked Reserves	41,740	6,935	48,675
Covid-19 Reserve - General	7,395	1,941	9,336
Covid 19 Reserve - Collection Fund	21,158	(12,593)	8,565
<b>TOTAL</b>	<b>70,293</b>	<b>(3,717)</b>	<b>66,576</b>

5.2.2 The Council's Medium Term Financial Strategy (MTFS) contained provision for any uncommitted Covid-19 funding sums to be set-aside to support the ongoing additional costs and income losses resulting from the pandemic.

5.2.3 The MTFS also explained the need to set aside funding in the Covid-19 Reserve during 2021/22 as a result of the Government's decision to award Business Rates Extended Retail Reliefs, which creates a position whereby the Council's income from business ratepayers year reduces accordingly. The Council received separate Section 31 Grant funding to compensate for this loss of income, and £8.077m has been required to be set aside in the earmarked reserve during 2021/22 to meet the deficit that must be charged in 2022/23 in accordance with Collection Fund requirements.

### 5.3 Schools Balances

5.3.1 The position in respect of school balances is detailed in Table 8.

<b>Table 8 – School Balances</b>	<b>£000</b>
School Balances as at 1 April 2021	11,656
In Year movements 2021/22	992
<b>Balances as at 31 March 2022</b>	<b>12,648</b>

5.3.2 The balances are ringfenced for schools, and in accordance with the requirements of the Department for Education, the local Scheme for Financing Schools makes provision to permit the carry forward of resources into future financial years. This is an important mechanism for schools to support the delivery of a medium-term budgeting strategy.

5.3.3 During 2021/22, school balances have increased by £0.992m. This is due to a number of factors, including an overall increase in the national level of school funding; increased flexibility in grant conditions to allow monies to be carried forward for use in 2022/23 (for example Covid-19 Recovery Premium; P.E. and Sports Premium; School Led Tutoring); and individual school positions whereby spending plans have extended beyond the end of the financial year.

#### 5.4 Usable Capital Receipts

5.4.1 The position in respect of general capital receipts is detailed in Table 9.

<b>Table 9 – Usable Capital Receipts</b>	<b>£000</b>
Available Capital Receipts brought forward at 1 April 2021	23,466
<u>Receipts generated in year</u>	
Sale of Council Assets and Grant Repayments	97
Repaid - Other Loans and Advances	142
Amounts applied to finance new capital investment in the year	(2,888)
<b>Available Balance 31 March 2022 (prior to future commitments)</b>	<b>20,817</b>
Receipts set aside for the Land and Property Acquisition Fund	(10,000)
Capital Receipts set aside in 2022/23 where the use of flexibilities can be applied	(1,000)
Required to fund the Capital Programme in 2022/23 to 2024/25	(3,423)
Receipts from the repayment of Council grants and loans ring-fenced for future years' Housing Programme	(148)
<b>Available Balance (after taking commitments into account)</b>	<b>6,246</b>

#### 5.5 Collection Fund

5.5.1 The position in respect of the Council's Collection Fund is provided in Table 10.

<b>Table 10 - Collection Fund</b>	<b>Surplus / (Deficit) 31 March 2022</b>	<b>Additional deficit in 2022/23 due to CARF scheme revised profiling</b>	<b>Provision to meet deficit included in the approved MTFS</b>	<b>Additional Surplus / (Deficit) to be Carried Forward</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Council Tax	(643)	0	666	23
Business Rates	(5,794)	(3,189)	9,016	33
<b>TOTAL</b>	<b>(6,437)</b>	<b>(3,189)</b>	<b>9,682</b>	<b>56</b>

- 5.5.2 The deficit in the Council's Collection Fund at 31 March 2022 principally arises from the Government's decision to award additional Business Rates Reliefs, which creates a position whereby the Council's income from business ratepayers reduces accordingly. As detailed in section 5.2.3, separate Section 31 Grant funding is received to compensate for this loss of income. The mechanics of the statutory Collection Fund requirements mean that there are timing differences between the receipt of that funding and when the deficit must be charged, and sums are set aside in the earmarked reserve during 2021/22 to smooth the impact between years.
- 5.5.3 The net outturn position is represented by the additional surplus / (deficit) to be carried forward, as detailed in Table 10.

## **SECTION 6: TREASURY MANAGEMENT OUTTURN REPORT 2021/22**

- 6.1 A summary of the Council's Treasury position at the end of March 2022 is included in Table 11. The Treasury Management Outturn Report for 2021/22 is included at Annex E.

<b>Table 11 – Treasury position 2021/22</b>	<b>As at 1 April 2021</b>	<b>As at Previous Period</b>	<b>As at 31 March 2022</b>
Investments Outstanding	£137.4m	£159.5m	£154.1m
Investment Returns (average for the year)	-	0.29%	0.32%
Borrowing	£121.6m	£140.6m	£140.6m

**COUNCIL WIDE VARIATIONS**

<b>Council Wide Variations</b>	<b>Outturn Variance 2021/22 £000 + /(-)</b>	<b>Explanation of Variances</b>
Section 31 Grants	+396	Section 31 funding is primarily related to small business/retail rates relief and compensates the Council for losses in business rates yield as a result of Government policy. The value of relief awarded in the year was less than forecast and consequently less budgeted Section 31 grant was due for the year.
Treasury Management	(1,940)	This is primarily a combination of: <ul style="list-style-type: none"> <li>• Reduction in the Minimum Revenue Provision as a consequence of the re-phasing of schemes within the 2020/2021 capital programme into future years</li> <li>• Reduction in debt management costs due to the deferral of borrowing</li> <li>• Reduction in investment income as a result of the historically low Bank Rate and suppressed investment returns available</li> </ul>
Mid Mersey Business Rates	(866)	As part of the Mid Mersey Business Rates Pool pooling arrangement with Warrington and Halton Councils, the Council received a proportionate share of the levy savings that would otherwise have been payable in relation to Warrington's Business Rates growth. This payment relates to a share of the levy savings for previous years.
Earmarked Balances Budgeted contribution approved for use in 2021/22 and no longer required	+107	This represents earmarked balances which were budgeted for use in 2021/22 from the Growth Reserve for Regeneration schemes where the use is no longer required.
Other	(26)	
<b>Total</b>	<b>(2,329)</b>	

**CONTINUATION OF FUNDING FROM EARMARKED RESERVES INTO 2022/23 AND ACCELERATION OF FUNDING**

	Continuation of Funding into 2022/23 & beyond			Acceleration of Funding from 2022/23		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
<b>Education, Skills and Business</b>	158	-	<b>158</b>	-	-	-
<b>Children and Young People</b>	12	-	<b>12</b>	-	-	-
<b>Integrated Care and Health</b>	-	-	-	-	-	-
<b>Wellbeing, Culture and Heritage</b>	215	-	<b>215</b>	-	-	-
<b>Finance and Governance</b>	64	-	<b>64</b>	36	-	<b>36</b>
<b>Reset and Recovery</b>	-	-	-	3	-	<b>3</b>
<b>Environment and Transport</b>	80	1	<b>81</b>	-	-	-
<b>Regeneration and Planning</b>	421	-	<b>421</b>	-	-	-
<b>Safer, Stronger Communities</b>	14	-	<b>14</b>	-	-	-
<b>Total</b>	<b>964</b>	<b>1</b>	<b>965</b>	<b>39</b>	-	<b>39</b>

Annex C**CAPITAL PROGRAMME VARIATIONS 2021/22**

EDUCATION, SKILLS AND BUSINESS PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
<b>Primary Schools</b>			
Allanson Street Refurbishment Works	0	30	30
Ashurst Rebuild	1,212	1,050	(162)
Bleak Hill Expansion	508	537	29
Garswood DDA	51	53	2
Grange Valley - Remodel Staff Room	55	49	(6)
Legh Vale Heating Replacement	5	0	(5)
Longton Lane Condition & Risk Assessment	2	2	0
Lyme Boiler Replacement	30	34	4
Merton Bank Structural Works	5	0	(5)
Newton Le Willows Heating	15	0	(15)
Oakdene Heating	92	100	8
Queens Park Window Replacement	10	8	(2)
Queens Park Health & Safety Work	10	0	(10)
Robins Lane Heating	13	16	3
Robins Lane Health & Safety Works	5	0	(5)
Sutton Manor Health & Safety Works	5	0	(5)
Thatto Heath Structural Works	5	0	(5)
The District Nursery Provision	861	820	(41)
SEND Base Wargrave / Grange Valley Partnership	49	25	(24)
<b>Secondary Schools</b>			
Cowley Roof Replacement	20	20	0
Cowley High Drainage Works	25	20	(5)
Cowley Room Conversion	49	42	(7)
Haydock High Sports Lighting	18	17	(1)
<b>Special &amp; Other Schools</b>			
Lansbury Bridge Roof Repairs	9	1	(8)
Mill Green Key Stage 5 Base	9	1	(8)
Penkford Refurbishment	20	9	(11)
Penkford Relocation	3,500	3,629	129
<b>Other Schemes</b>			
Harnessing Technology	5	0	(5)
Various School Roller Shutters	51	50	(1)
Various Schools Fire Risks	34	45	11
Various Schools Asbestos Removal	38	37	(1)
Prior Year Schemes	0	14	14
School Devolved Formula Capital	500	214	(286)
<b>Uncommitted Grant Funding</b>			
Basic Need	51	0	(51)
School Condition Funding	72	0	(72)
<b>TOTAL</b>	<b>7,334</b>	<b>6,823</b>	<b>(511)</b>

CHILDREN AND YOUNG PEOPLE PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
Children and Families Accommodation	85	96	11
<b>TOTAL</b>	<b>85</b>	<b>96</b>	<b>11</b>

INTEGRATED CARE AND HEALTH PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
Mental Health Support Tenancy	30	30	0
<b>TOTAL</b>	<b>30</b>	<b>30</b>	<b>0</b>

WELLBEING, CULTURE AND HERITAGE PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
Astro Turf Pitch St Augustines	85	83	(2)
Libraries ICT Refresh	3	9	6
Newton Le Willows Health & Fitness Centre Equip	65	0	(65)
Sutton Leisure Centre - Swimming Provision	41	17	(24)
Sutton Leisure Centre - Third Generation Pitch	511	504	(7)
<b>TOTAL</b>	<b>705</b>	<b>613</b>	<b>(92)</b>

RESET AND RECOVERY PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
ICT Device Refresh	100	12	(88)
<b>TOTAL</b>	<b>100</b>	<b>12</b>	<b>(88)</b>

ENVIRONMENT AND TRANSPORT PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
<b>Highway Schemes</b>			
A49 to M6 Junction 22 Link Road	6,500	6,314	(186)
A570 St Helens Linkway	687	410	(277)
A58 Liverpool Rd/A580 East Lancs Rd, Pewfall KRN	135	122	(13)
Accessibility Improvements-Supporting Regeneration	40	2	(38)
Active Travel Fund - Tranche 1	32	8	(24)
Active Travel Fund - Tranche 2	936	479	(457)
Bridge Strengthening & Maintenance	190	230	40
Carriageway Maintenance	1,848	2,203	355
Highway Challenge Fund	682	588	(94)
Highway / Road Investment	30	11	(19)
Key Route Network	393	369	(24)
LCR Sustainable Urban Development	824	709	(115)
St Helens Southern Gateway Package	480	548	68
Street Lighting	421	266	(155)
Traffic & Safety Schemes	598	323	(275)
<b>Environmental Schemes</b>			
Climate Change Emergency Response Fund	108	61	(47)
Haydock KGV Playing Field Site Improvements	150	127	(23)
St Helens Cemetery Drainage Scheme	11	0	(11)
Play Equipment (s106), Rainhill	0	4	4
<b>Other Schemes</b>			
Vehicle Replacement Programme	1,460	1,325	(135)
<b>TOTAL</b>	<b>15,525</b>	<b>14,099</b>	<b>(1,426)</b>

REGENERATION AND PLANNING PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
Demolition & Reinstatement of Chalon Way Car Park	765	845	80
Town Centre Development	40	40	0
St Helens Town Centre Masterplan	6,339	5,839	(500)
Town Hall Roof - Remedial Works	114	90	(24)
Hardshaw Brook Depot	350	390	40
Modernisation of St Helens Crematorium	3,219	2,793	(426)
Pre Development - Parkside Regeneration	1,200	1,200	0
The Gamble Building and Earlestown Town Hall	94	84	(10)
The Gamble Building External Works	1,526	554	(972)
Earlestown Ways to Work	0	49	49
Earlestown Town Hall External Refurbishment	0	43	43
<b>TOTAL</b>	<b>13,647</b>	<b>11,927</b>	<b>(1,720)</b>

SAFER, STRONGER COMMUNITIES' PORTFOLIO	2021/22		
	Current Budget	Outturn	Variance
	£000	£000	£000
<b>Housing Schemes</b>			
Disabled Facilities Grants and Adaptations	2,679	2,363	(316)
General Fund Housing (Housing Assistance)	100	60	(40)
Housing Clearance and Enforcement	50	20	(30)
Insulation Measures and Fuel Poverty	273	231	(42)
<b>TOTAL</b>	<b>3,102</b>	<b>2,674</b>	<b>(428)</b>
<b>PORTFOLIO TOTALS</b>	<b>40,528</b>	<b>36,274</b>	<b>(4,254)</b>

**EARMARKED BALANCES POSITION AT 31 MARCH 2022**

	<b>Balance at 1 April 2021</b>	<b>Use of Reserves in year</b>	<b>Transfers to reserves in-year</b>	<b>Balance at 31 March 2022</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Transformation Reserve **	18,377	(673)	155	17,859
Growth Reserve	6,571	(641)	-	5,930
Essential Equipment Fund	1,482	(176)	-	1,306
Councillor Improvement Fund	702	(126)	-	876
Insurance & Contingent Liability Reserve	4,518	-	690	5,208
Waste Management Development Fund	1,249	(45)	-	1,204
Inflation Reserve *	1,000	-	2,000	3,000
Community Improvement Reserve	997	(106)	-	891
Restructuring Reserve	1,617	-	2,090	3,707
Funding Reform and Volatility Reserve **	5,227	-	3,767	8,994
<b>TOTAL (exc. Reserves earmarked for Covid-19)</b>	<b>41,740</b>	<b>(1,767)</b>	<b>8,702</b>	<b>47,675</b>
Covid-19 Reserve - General	7,395	(57)	1,998	9,336
Covid-19 Reserve - Collection Fund	21,158	(20,669)	8,076	8,565
<b>TOTAL</b>	<b>70,293</b>	<b>(22,493)</b>	<b>18,776</b>	<b>66,576</b>

\* Includes earmarking of £1m to inflation Reserve as detailed in Section 5.1

\*\* Includes earmarking of unconditional grants and contributions and other previously approved requests for use in 2022/23 to deliver specific programmes of work (£1.833k).

TREASURY MANAGEMENT OUTTURN REPORT 2021/22

- 1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.2 During 2021/22, the agreed reporting requirements were as follows:
- (i) An annual Treasury Management Strategy Statement (approved by Cabinet on 24 February 2021 and by Council on 3 March 2021)
  - (ii) A mid-year treasury update report (considered by Audit and Governance Committee on 8 November 2021)
  - (iii) An annual review following the end of the year describing the activity compared to the strategy (this report)
  - (iv) In addition, Cabinet has received regular treasury management reports via each Financial Monitoring Report
- 1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies, previously approved by Members.
- 1.4 The Council confirms that it has complied with the requirement under the Code to give scrutiny to the relevant treasury management reports by the Cabinet before they were reported to the full Council.
- 1.5 The main contents of this report are:
- (i) Borrowing activity 2021/22
  - (ii) Investment activity 2021/22
  - (iii) Effects on the Council budget
  - (iv) The Council's treasury position at 31 March 2022
  - (v) Performance measurement
  - (vi) Compliance with Treasury Limits and Prudential Indicators

BORROWING ACTIVITY 2021/22

- 2.1 The Treasury Management Strategy Statement for 2021/22 did not envisage any new borrowing being undertaken outside any prudential borrowing agreed within the capital programme. Whilst the Council's Capital Financing Requirement at that point indicated that the Council had an underlying need to borrow, the general strategy

adopted by the Council has been to finance capital expenditure by running down reserves and balances in lieu of new borrowing.

- 2.2 During the year, the Council monitored Public Works Loan Board (PWLB) certainty rates. Table 1 shows how rates have overall remained fairly subdued, although there has been volatility in rates during the year, with a historic low reached during December 2021 for longer periods of borrowing. However, since that time, rates have increased significantly.

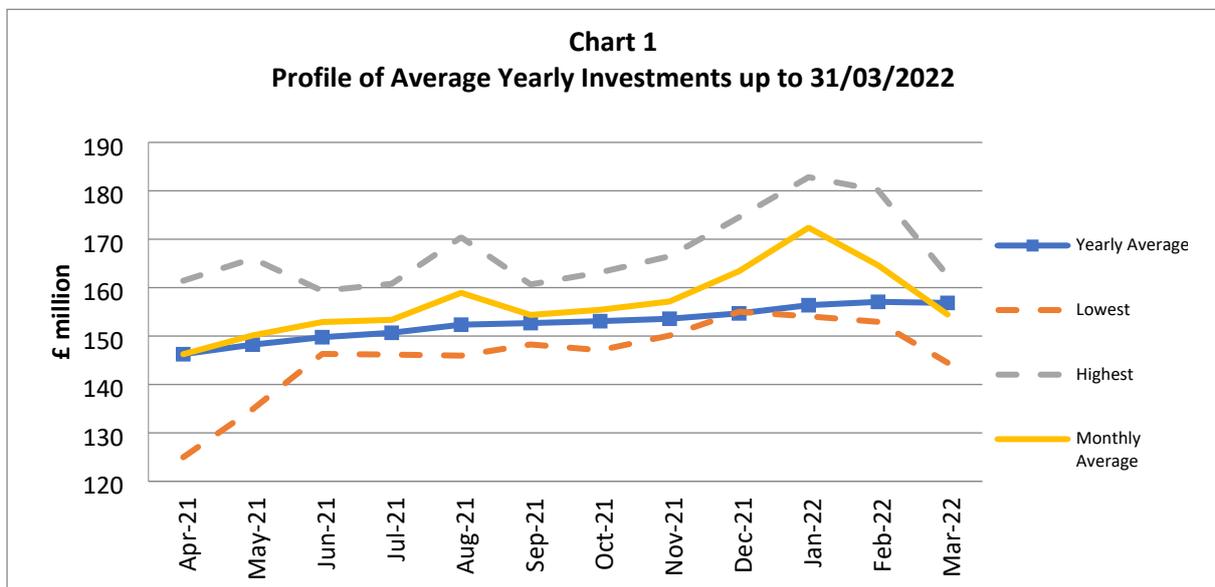
<b>Table 1 - PWLB borrowing rates 2021/22 for 1, 5, 10, 25 &amp; 50 years</b>					
	<b>1 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>25 Year</b>	<b>50 Year</b>
1 April 2021	0.80%	1.20%	1.73%	2.22%	2.03%
31 March 2022	1.91%	2.25%	2.43%	2.64%	2.39%
Low	0.78%	1.05%	1.39%	1.67%	1.25%
Date	08/04/2021	08/07/2021	05/08/2021	08/12/2021	09/12/2021
High	2.03%	2.20%	2.51%	3.07%	2.90%
Date	15/02/2022	28/03/2022	28/04/2022	23/03/2022	28/03/2023
Average	1.13%	1.45%	1.78%	2.10%	1.85%

- 2.3 With interest rates at historic low rates and with forecasts of increasing rates due to the underlying economic position, the Council secured two new loans with PWLB to finance the costs of historic expenditure within the capital programme.
- £6m was secured on 12 August 2021 for a period of 50 years at a rate of 1.49%
  - £10m was secured on 22 November 2021 for a period of 50 years at a rate of £1.57%
- 2.4 A further loan of £6.17 million was secured for a period of 50 years with PWLB at a rate of 1.14% to finance costs in relation to the A49 to M6 Junction 22 Link Road scheme. This loan was secured at a discounted rate of gilts +60 basis points following prior approval from HM Treasury to access borrowing at the Local Infrastructure Rate for this scheme.
- 2.5 Despite PWLB borrowing attracting low rates of interest for a significant part of the year, no debt rescheduling was undertaken during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unavailable.

#### INVESTMENT ACTIVITY 2021/22

- 3.1 The Bank Rate started the year at 0.10% following two emergency reductions in the rate during 2020, in response to the Covid-19 pandemic, and remained at this level for most of the year. Economic forecasters' original expectations were that the Bank Rate would remain at this rate during 2021.
- 3.2 However, in response to the underlying economic position, with increasing inflation, the Bank of England Monetary Policy Committee voted in favour of a 0.15% increase in Bank Rate on 16 December 2021. This was followed by increases of 0.25% on 3 February 2022 and 17 March 2022, with forecasts of further increases during 2022/23.

- 3.3 Since the financial crisis of 2008, financial markets have faced significant uncertainty, which has promoted a cautious approach whereby investments continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates. The rates of return dropped even lower as a result of the Covid-19 pandemic and continued to remain at a suppressed level for the majority of the year.
- 3.4 As detailed in the Annual Investment Strategy the general policy objective of the Council is the prudent investment of its surplus funds. The Council's investment priorities are the security of capital and liquidity of investments. The Council's investment dealings in the year have been undertaken in order to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks. All investments made during the year have been made in accordance with this strategy.
- 3.5 The Council maintained an average balance of £148.087m during the year; Chart 1 profiles the monthly average balances.



#### EFFECTS ON THE COUNCIL BUDGET

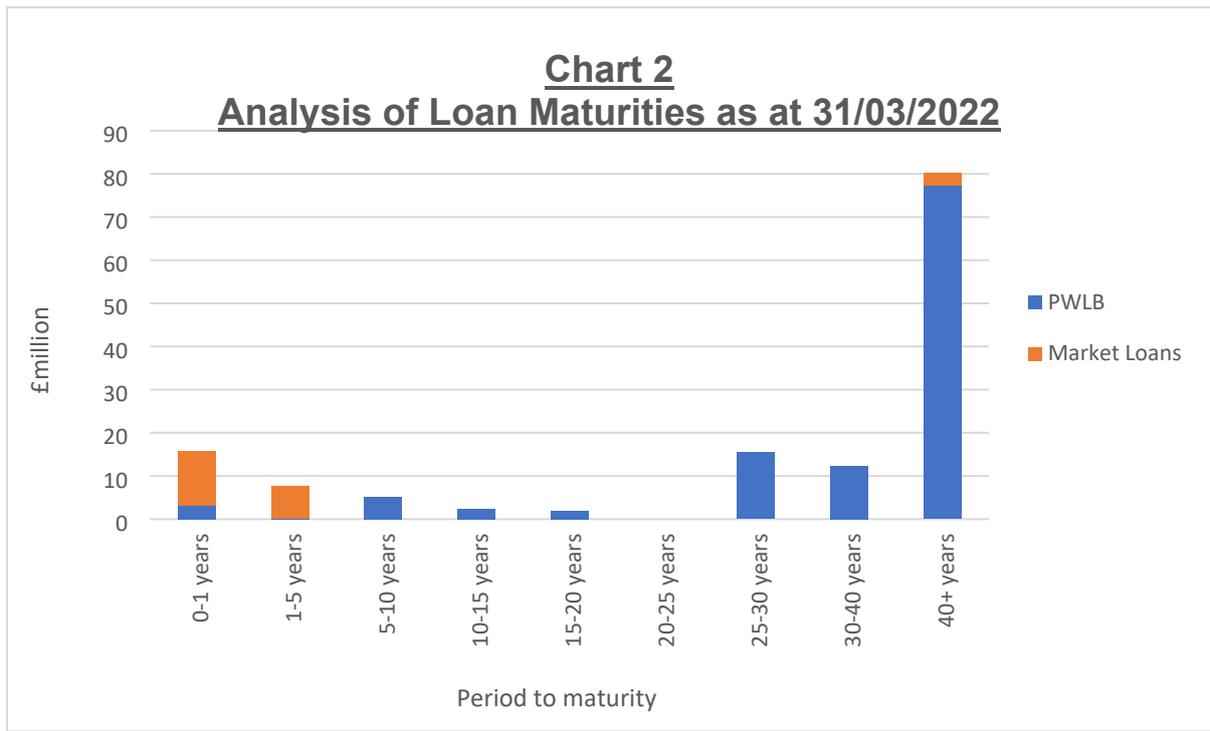
- 4.1 The overall effect on the Council's General Fund budget in 2021/22 is provided in Table 2.

<b>Table 2 - Treasury Allowed Estimate &amp; Outturn 2021/22</b>		
	Allowed Estimate £m	Outturn £m
Minimum Revenue Provision (MRP)	3.439	3.178
Debt Management Costs	9.188	7.461
<b>SUB-TOTAL</b>	<b>12.627</b>	<b>10.639</b>
Investment Income	(1.025)	(0.966)
<b>NET TREASURY COSTS</b>	<b>11.602</b>	<b>9.673</b>

- 4.2 The Minimum Revenue Provision has reduced by £261k as a consequence of the re-phasing of schemes within the 2020/21 capital programme into future years, as reported to Cabinet at its meeting on the 23 June 2021. Debt management costs are reduced as a result of decisions around the continued deferral of additional borrowing, whilst investment income is reduced as a result of the historically low Bank Rate and suppressed investment returns available.

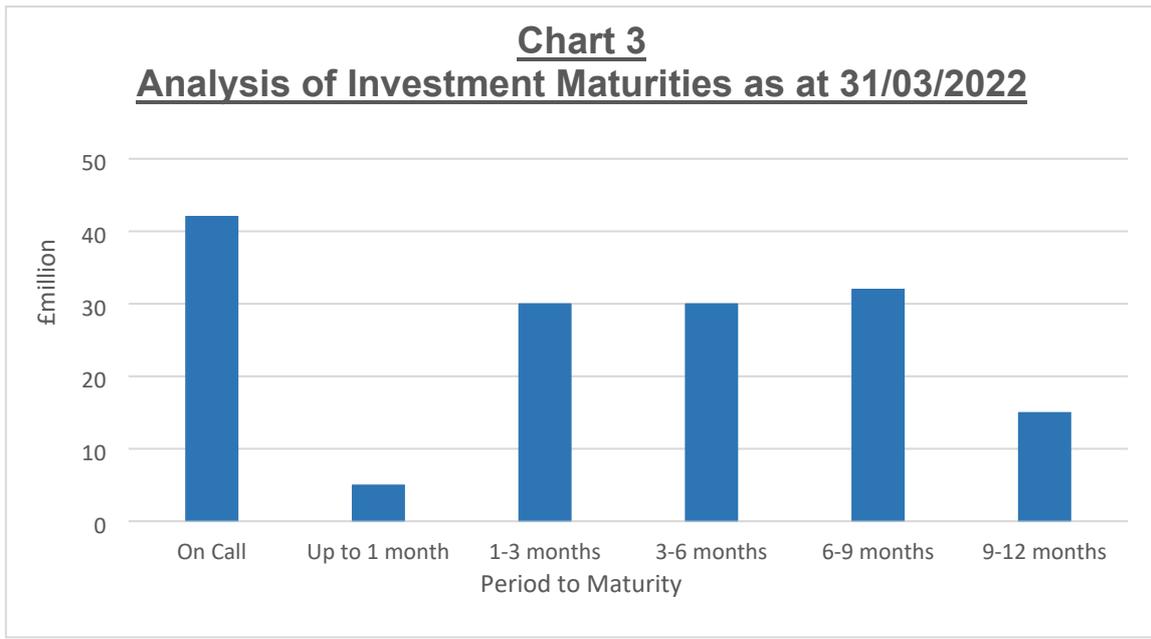
### COUNCIL'S TREASURY POSITION

- 5.1 As at 31 March 2022, the Council's debt portfolio comprised of PWLB and market debt totalling £140.627m. The maturity profile of the debt outstanding is highlighted in Chart 2.

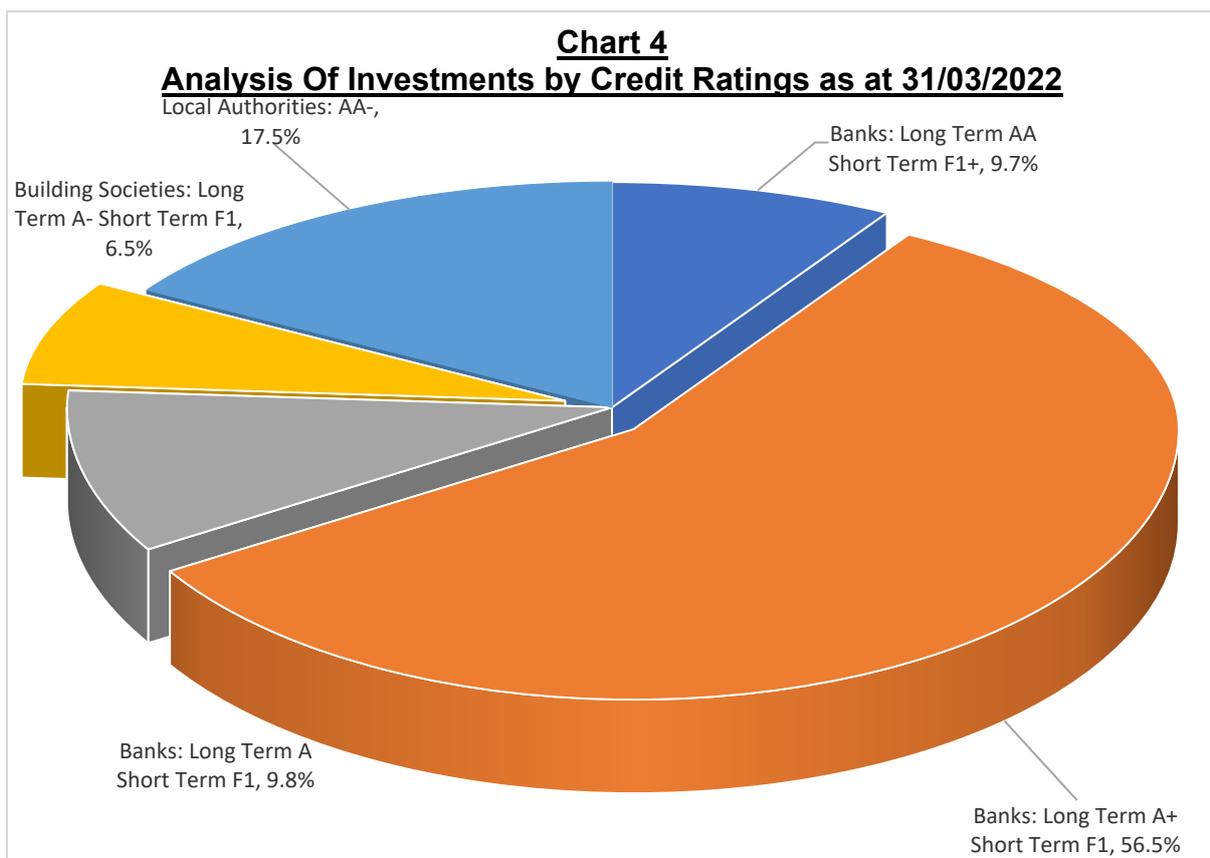


In accordance with the revised Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment. If the lender does have the right to increase the interest rate payable (as is the case with a Market Loan (LOBO – Lender Option Borrower Option loan)), then this should be treated as a right to require payment. Due to this guidance the maturity dates of the Council's LOBO loans have been profiled as the next call date for each. This has made the Council's position look much more short-term when all of these loans have maturity dates of 27+ years. In the current interest climate, it is unlikely that these loans will be called imminently.

- 5.2 The investments held at 31 March 2022 amounted to £154.058m. The composition of these are shown in Chart 3 and include those managed on behalf of Schools (balances of circa £12.648m) and MRWA (cash of circa £4.182m).



5.3 An analysis of the credit ratings of investment holdings as at 31 March 2022 is included in the Chart 4.



## PERFORMANCE MEASUREMENT

- 6.1 The performance measure for any new borrowing is to compare the average rate secured for the year compared to the average available for the year. The Council secured borrowing over 50 years at an average rate of 1.43%, whereas the average rate for PWLB loans over 50 years, as reported in Table 1, was 1.85%.
- 6.2 When analysing performance of the Council's investment activity there are more readily identifiable indicators available to determine performance, as detailed in Table 3.

**Table 3 - Investment Returns 2021/22**

2021/22	Returns Achieved			Benchmark Returns			Performance relative to Benchmarks		
	Fixed Term Investments	Call Accounts	Combined Return	1 Year LIBID	7 Day LIBID	Combined LIBID	Fixed Term	Call	Overall +/- return
April	0.511%	0.075%	<b>0.365%</b>	0.040%	-0.080%	<b>0.000%</b>	0.471%	0.155%	<b>0.365%</b>
May	0.535%	0.069%	<b>0.333%</b>	0.040%	-0.080%	<b>-0.012%</b>	0.495%	0.149%	<b>0.345%</b>
June	0.455%	0.060%	<b>0.305%</b>	0.050%	-0.080%	<b>0.001%</b>	0.405%	0.140%	<b>0.304%</b>
July	0.423%	0.055%	<b>0.294%</b>	0.060%	-0.080%	<b>0.011%</b>	0.363%	0.135%	<b>0.283%</b>
August	0.355%	0.058%	<b>0.266%</b>	0.090%	-0.080%	<b>0.039%</b>	0.265%	0.138%	<b>0.227%</b>
September	0.358%	0.067%	<b>0.283%</b>	0.140%	-0.080%	<b>0.083%</b>	0.218%	0.147%	<b>0.200%</b>
October	0.360%	0.070%	<b>0.280%</b>	0.470%	-0.080%	<b>0.318%</b>	(0.110%)	0.150%	<b>(0.038%)</b>
November	0.336%	0.071%	<b>0.252%</b>	0.540%	-0.080%	<b>0.344%</b>	(0.204%)	0.151%	<b>(0.092%)</b>
December	0.288%	0.089%	<b>0.214%</b>	0.230%	-0.080%	<b>0.114%</b>	0.058%	0.169%	<b>0.100%</b>
				1 Year SONIA	Overnight SONIA	<b>Combined SONIA</b>			
January	0.338%	0.188%	<b>0.290%</b>	0.860%	0.200%	<b>0.651%</b>	(0.522%)	(0.012%)	<b>(0.361%)</b>
February	0.515%	0.186%	<b>0.406%</b>	1.360%	0.430%	<b>1.051%</b>	(0.845%)	(0.244%)	<b>(0.646%)</b>
March	0.625%	0.261%	<b>0.526%</b>	1.530%	0.560%	<b>1.266%</b>	(0.905%)	(0.299%)	<b>(0.740%)</b>
Average rate of return *	0.425%	0.104%	<b>0.318%</b>	0.451%	0.039%	<b>0.322%</b>	(0.026%)	0.065%	<b>(0.004%)</b>

\* Inclusive of treasury costs and exclusive of interest from third parties.

- 6.3 As can be seen in Table 3, during the year, the benchmark that is used to measure performance changed. LIBID rates ceased to be produced from the end of 2021, with the industry standard benchmark changing to SONIA (Sterling Overnight Index Average).
- 6.4 Throughout the majority of the year, the Council has performed above the benchmark levels. Any sudden changes in rates will impact upon performance against benchmarks as investment decisions need to be made based upon both the desire to maximise interest returns and, more importantly, managing the security of funds and ensuring liquidity of the Council's investments for cashflow purposes. This can be seen in the sudden increase in returns at the end of the year. For a number of years, where possible, the Council has taken advantage of favourable rates and locked into investment deals for longer periods.

## COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 7.1 During 2021/22 the Council complied with its legislative and regulatory requirements. The revised Treasury Limits and Prudential Indicators are included at Annex (i) and, where appropriate, outturn figures for the indicators have been produced by analysis.

**Annex (i)**

<b><u>Treasury Limits and Prudential Indicators 2021/22</u></b>			<b>2021/22 Revised Estimate</b>	<b>2021/22 Outturn</b>
1(i)	Proposed capital expenditure that the Council plans to commit to during the forthcoming and subsequent two financial years.	<b>Capital Expenditure (£m)</b>	40.528	36.274
1(ii)	Additional in-year borrowing requirement for capital expenditure.	<b>In Year Capital Financing Requirement (CFR) (£m)</b>	16.747	14.135
2	The CFR is an aggregation of historic and cumulative capital expenditure, which has yet been paid for by either revenue or capital resources.	<b>Capital Financing Requirement as at 31 March (£m)</b>	194.500	191.888
3	The "net borrowing" position represents the net of the Authority's gross external borrowing and investments sums held.	<b>Net Borrowing Requirement:</b>  External Borrowing (£m)  Investments Held (£m)  Net Requirement (£m)	140.627  <u>(128.000)</u>  12.627	140.627  <u>(149.876)</u>  (9.249)
4	Identifies the impact and trend of the revenue costs of capital financing decisions will have on the General Fund Budget over time.	<b>Ratio of financing cost to net revenue stream</b>	5.80%	5.80%
5	The Council's Budget Strategy with regards to unsupported borrowing is such that there is no incremental impact to Council Tax.	<b>Incremental impact of capital investment decisions (increase in Council Tax Band D equivalent)</b>	NIL	NIL

6	This represents an absolute limit of borrowing at any one point in time. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.	<b>Authorised Limit for External Debt (£m)</b>	200.650	Complied within limit
7	This is the limit beyond which external debt is not normally expected to exceed.	<b>Operational Limit for External Debt (£m)</b>	194.104	Complied within limit
8	These limits seek to ensure that the authority does not expose itself to an inappropriate level of interest rate risk, and has a suitable proportion of debt.	<b>Upper Limit for Fixed Interest Rate Exposure</b>	100%	Complied within limit
		<b>Upper Limit for Variable Interest Rate Exposure</b>	50%	Complied within limit
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk.	<b>Upper Limit for Sums Invested over 365 Days</b>	60%	Complied within limit
10	This indicator is used to highlight where an authority may be borrowing in advance of need	<b>Gross Debt and the CFR (£m)</b>	(32.413)	(29.801)

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